

**AN APPRAISAL OF 692.62 ACRES LOCATED IN
LEWIS AND CLARK COUNTY MONTANA
PARCEL 582**

DATE OF VALUATION

March 13, 2011

**FOR
STATE OF MONTANA,
DEPARTMENT OF NATURAL RESOURCES & CONSERVATION**

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March 29, 2011

State of Montana
Department of Natural Resources & Conservation
Trust Land Management Division
P.O. Box 201601
Helena, MT 59620-1601

RE: An appraisal of 692.62 acres located in Lewis and Clark County, Montana – Parcel #582.
This appraisal report establishes an “as is” value in fee ownership.

In accordance with the letter of engagement, I have made the necessary inspection and analysis to appraise the above referenced property. The attached report provides the essential data, and detailed reasoning employed in estimating my final value estimate. The report contains 27 pages excluding the addenda.

I have appraised the property as a whole, owned in fee simple ownership. The lease indicates the property is leased to Daniel B. Bolton, but it was conveyed to me this lease has been transferred to Mark J. Pielock. A copy of the lease is in the addenda. I assume no responsibility for matters that are legal in nature nor do I render any opinion as to title.

The property being appraised consists of 692.62 acres and in the body of the report is a complete legal description and detail of the subject property

The value reported is qualified by certain definitions, assumptions and limiting conditions, hypothetical conditions and certification, which are set forth within the attached report. The analysis contained herein is considered to be a complete appraisal, and is presented in a summary appraisal report format. This appraisal report is intended to conform to the Uniform Standards of Professional Appraisal Practice, and State of Montana, DNRC reporting requirements.

The final conclusion to value was established from sales which have legal access. Attempts were made to identify vacant land sales without legal access but none could be found. Therefore, no market adjustment for lack of legal access could be established and the value reported is based upon the Hypothetical Condition as having legal access.

Based on my analysis, the market value of the subject property, as set forth, documented and qualified in the attached report including the assumptions and limiting conditions on 3/13/11 is:

Four Hundred Eighty Five Thousand Dollars*

\$485,000*

I direct your attention to the data, discussions and conclusions which follow.

Respectfully submitted,



Gregory A. Thomquist

Montana State Certified
General Real Estate Appraiser #867

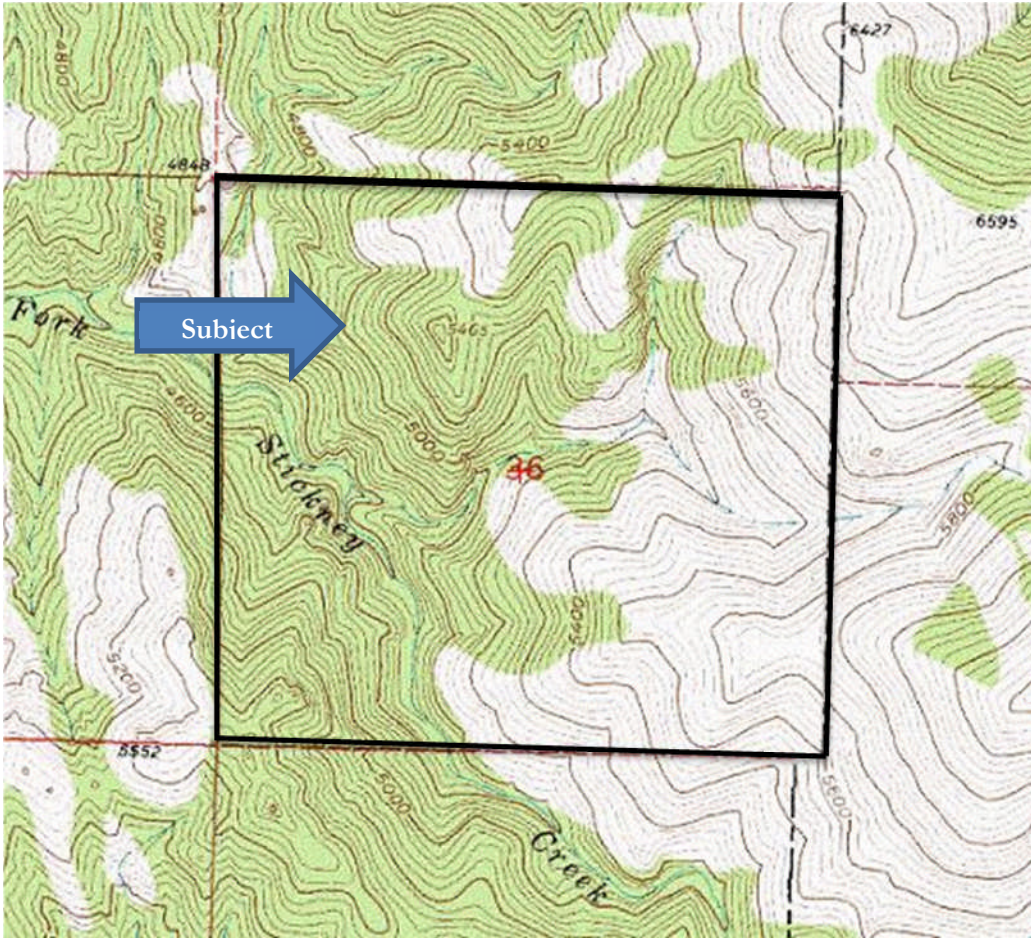
* This value is subject to the Hypothetical Conditions on page 7

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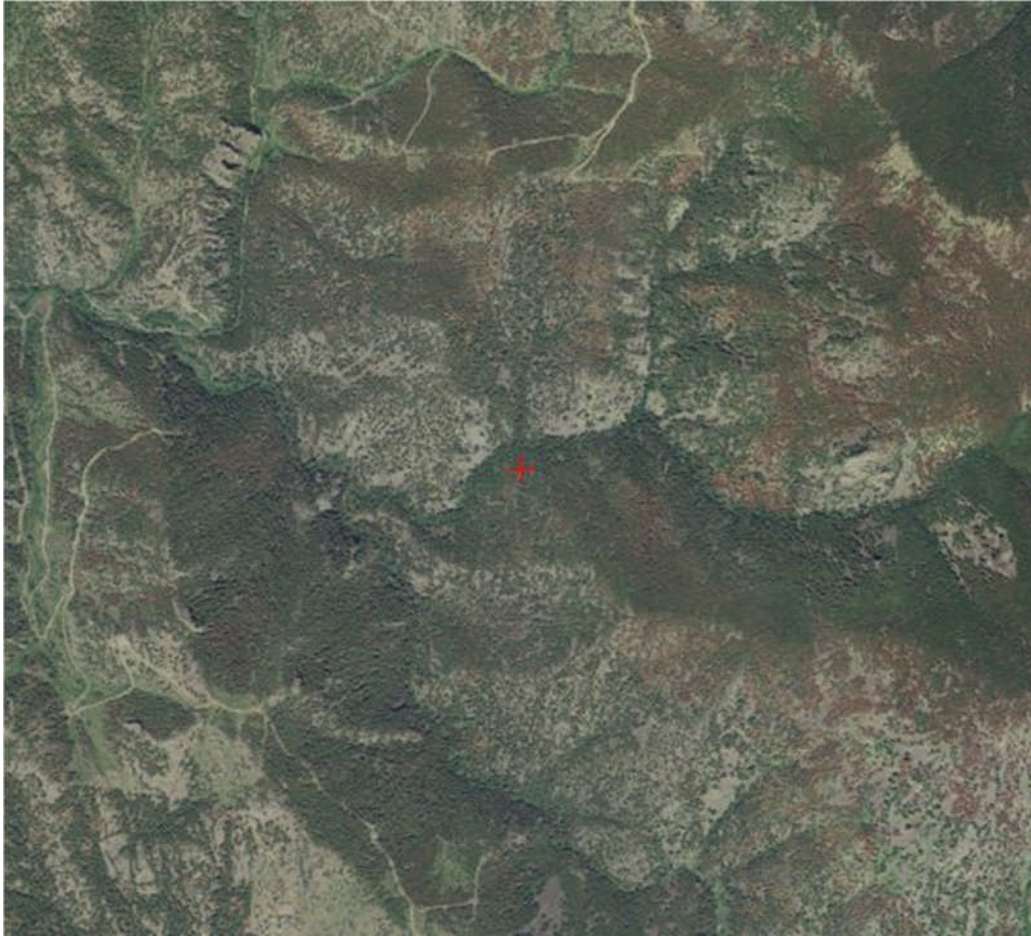
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Addenda

- Contract
- Scope of Work & Legal Description
- Lease
- State of Montana Cadastral Data
- Land Sales
- Appraiser's Qualifications
- Appraiser's License



SUBJECT PROPERTY TOPOGRAPHICAL MAP



The red cross indicates the center of the subject parcel

SUMMARY OF IMPORTANT FACTS AND CONCLUSIONS

<i>PURPORTED OWNER:</i>	State of Montana
<i>PROPERTY TYPE:</i>	Recreational
<i>LOCATION OF PROPERTY:</i>	Lewis and Clark County, MT
<i>SITE:</i>	692.62 acres
<i>PROPERTY RIGHTS APPRAISED:</i>	Fee simple
<i>ZONING:</i>	None
<i>PRESENT USE:</i>	Non-productive agricultural land
<i>HIGHEST AND BEST USE:</i>	Recreational
<i>DATE OF VALUATION:</i>	3/13/11
<i>LAND VALUE:</i>	\$485,000*

* This value is subject to the Hypothetical Conditions on page 7

ASSUMPTIONS AND LIMITING CONDITIONS

This is to certify that the appraiser, in submitting this statement and opinion of value of subject property, acted in accordance with and was bound by the following principles, limiting conditions and assumptions. Unauthorized use of this report is set forth below.

- No responsibility is assumed for matters that are legal in nature nor is any opinion rendered on title of property appraised.
- Unless otherwise noted, the property has been appraised as though free and clear of all encumbrances.
- All maps, areas, plans, specifications, and other data furnished your appraiser were assumed to be correct. No survey of the property was made by this firm. Furthermore, all numerical references to linear measurements, area, volume or angular measurements should be assumed to be "more or less" (+/-) and are accurate to a degree consistent with their use for valuation purposes.
- This appraisal considers only surface rights to the property with consideration of current zoning and land use controls. The estimate of **highest and best** use will form the basis for the value estimate. This appraisal does not consider mineral, gas, oil or other natural resource rights that may be inherent in the ownership of the property.
- In this appraisal assignment, any potentially hazardous material found on the land or used in the construction of the buildings, such as urea formaldehyde foam insulation, petroleum residue, asbestos and/or existence of toxic waste or gases, which may or may not be present on the property, has not been considered. The appraiser is not qualified to detect such substances. Any interested party is urged to retain an expert in this field if there is any question regarding such potentially hazardous material. If such material or substance is present it could adversely affect the value reported herein.
- The appraiser is not a seismologist. This appraisal should not be relied upon as to whether a seismic problem exists, or does not actually exist on the property. The property which is the subject of this appraisal is within a geographic area where earthquakes and other seismic disturbances have previously occurred and where they may occur again. Except as specifically indicated in the report, no seismic or geologic studies have been provided to the appraiser concerning the geologic and/or seismic condition of the property. The appraiser assumes no responsibility for the possible effect on subject property on seismic activity and/or earthquakes. I have not made a specific compliance survey and analysis of this property to determine whether or not it is in conformity with the various detailed seismic requirements by the City or County. It is possible that a survey of the property could reveal that the property does not meet the required seismic requirements. If so, this fact could have a negative effect upon the value of the property. Since I have no direct evidence relating to this issue, I did not consider possible noncompliance requirements in estimating the value of the property.
- All data contained in this report and in the appraiser's files, as obtained from other sources, upon which to any degree the opinions and conclusions were based, are considered reliable and believed to be true and correct. However, the appraiser does not assume responsibility for the accuracy of such items that were obtained from other parties.

- There shall be no obligation to give testimony or attendance in court by reason of this appraisal with reference to the property in question unless arrangements have been previously made and at an additional fee.
- Neither all nor any part of the contents of this report, especially the conclusions to value, the identity of the appraiser or the firm with which he is connected shall be disseminated to the public through advertising media, news media, public relations media, sales media, or any other public means of communication without the prior written consent of the appraiser.
- Gregory A. Thornquist does not authorize the out-of-context quoting from, or partial reprinting of this appraisal report.
- The liability of Gregory A. Thornquist is limited to the client and to the fee collected. Further, there is no accountability, obligations or liability to any third party. If this report is placed in the hands of anyone other than client, the client shall make such party aware of all limiting conditions and assumptions of the assignment and related discussions. The appraiser assumes no responsibility for any costs incurred to discover or correct any deficiencies of any type present in the property; physically, financially, or of a legal nature.
- The fee for this appraisal report is for the service rendered and not for time spent on the physical report or for the physical report itself.
- This appraisal report is prepared for the sole and exclusive use of the client, State of Montana, Montana Board of Land Commissioners and the Department of Natural Resources and Conservation (DNRC). No third parties are authorized to rely upon this report without the expressed written consent of the appraiser.
- This Summary Appraisal Report is intended to comply with the reporting requirements set forth under Standard Rule 2-2(b) of the Uniform Standards of Professional Appraisal Practice for a Summary Appraisal Report. As such, it presents only summary discussions of the data, reasoning, and analysis that were used in the appraisal process to develop the appraiser's opinion of value. Supporting documentation concerning the data, reasoning and analysis is contained in the appraiser's files.

HYPOTHETICAL CONDITIONS

- The subject property is owned by the State of Montana and this appraisal assumes the property is in held in private ownership. This is noted in the *"Scope of Work for Appraisals of Potential Property Sales through the Land Banking Program"* which is included in the addenda
- The *"Scope of Work for Appraisals of Potential Property Sales through the Land Banking Program"* also notes that *"Landlocked parcel, (parcels with no legal access), will be appraised with the hypothetical condition of having legal access and should be appraised as the property currently exists, which is without legal access, ("as is")."* This is further discussed in the highest and best use section of this report.
- Although the subject parcel is leased, this appraisal assumes that the current lease does not exist. This is part of the scope of the assignment and is noted in the "Supplemental Appraisal Instructions".

SCOPE OF THE APPRAISAL

I initially spoke with Tom Konency, appraiser with the Montana DNRC Trust Land Management Division and I was retained to appraise the subject property. Mr. Konency provided me with the following information:

- Scope of work
- Parcel description
- Contact information for inspecting the subject property

Due to the subject properties remoteness coupled with the area snowpack, I contracted with a local pilot who flew me over the subject property. The property was located by longitude and latitude by GPS. On March 13, 2011, I flew over the subject property and photographed the property from the air.

The subject parcel is currently leased to Mark J. Pielock even though the lease in the addenda indicated the lessee as Daniel B Bolton. The lessee contacted the DNRC inquiring about purchasing the subject property.

The subject **does not** have legal access. As noted in the Scope of Work as provided by the client, the property is to be appraised as though legal access exists. Physical access to the property is from the adjacent properties of which the most readily accessible access is from the west across the lessee's property.

The neighborhood and surrounding competitive market areas were researched to find comparable market data. Real Estate agents, property owners, and real estate appraisers in Helena, Great Falls, and surrounding smaller communities were interviewed in an attempt to find relevant market data. This market data has been confirmed by personal contact with the buyer, seller, broker, and/or property owner.

All of the comparable sales described in the body of the report are shown in detail on the summary sheets included in the addenda. I did not physically inspect each of the comparable sales but have relied upon information from individuals who have physically viewed the property.

Effective Date:

The effective date of this appraisal report is March 13, 2011. This is the date of valuation and was the actual date of the property inspection. This appraisal report was completed March 29, 2011.

DEFINITION OF MARKET VALUE

Market value, as used in this report, was provided by the client and is defined as follows:

Current Fair Market Value ~ (MCA 70-30-313) Current fair market value is the price that would be agreed to by a willing and informed seller and buyer, taking into consideration, but not limited to, the following factors:

- (1) the highest and best reasonably available use and its value for such use, provided current use may not be presumed to be the highest and best use;
- (2) the machinery, equipment, and fixtures forming part of the real estate taken; and any other relevant factors as to which evidence is offered.

PURPOSE OF THE APPRAISAL

The purpose of this appraisal is to arrive at a supportable estimation of the market value.

INTENDED USE OF THE APPRAISAL AND CLIENT

The intended use is for the decision making process concerning the potential sale of the subject property. The clients and intended users are the State of Montana, the Montana Board of Land Commissioners and the Department of Natural Resources and Conservation (DNRC).

PERSONAL PROPERTY

None

PROPERTY RIGHTS APPRAISED

This appraisal is made with the understanding and assumption that present ownership of the subject property includes all rights that may be lawfully owned, and is therefore, title in fee simple as

of March 13, 2011. A fee simple estate is subject only to the limitations imposed by the governmental powers of taxation, eminent domain, police power and escheat.

State of Montana lands are always to be appraised as if they are in private ownership and could be sold on the open market and are to be appraised in **Fee Simple interest**. For analysis purposes, properties that have leases or licenses on them are to be appraised with the Hypothetical Condition the leases/licenses do not exist.

IDENTIFICATION OF PROPERTY AND LEGAL DESCRIPTION

The property which is the subject matter of this report consists of 692.62 acres located in Cascade County, Montana. The legal description for the subject site as provided to me is as follows:

Lots 1-8, E ½ W ½, W ½, E ½ of Section 36, Township 16 North, Range 2 West, Lewis and Clark County, Montana

PURPORTED OWNER

The subject parcel is owned by the State of Montana.

SALES HISTORY OF THE PROPERTY

The subject parcel has been owned by the State of Montana for a number of years. The parcel was nominated by the lessee and may be sold through the State of Montana's Land Banking Program.

REGIONAL AND CITY ANALYSIS

The subject is located approximately 30 miles north of Helena. Helena is the county seat of Lewis and Clark County and the state capitol of Montana. Lewis and Clark County is one of 56 counties in the State of Montana, and is located on the front range of the Rocky Mountains in south central Montana. Helena is centrally located at the junction of Interstate 15, and US Highways 12 and 287. This is halfway between Glacier and Yellowstone National Parks, both major attractions to the State of Montana.

Lewis and Clark County, Helena in particular, has historically experienced stable economic conditions. Montana in general is known for its farming, agricultural, mining, and tourism industries. Helena, while enjoying the benefits of these industries, also sees the stability from being the county seat and the state capitol. Helena has not experienced the boom and bust cycles that have affected many other Montana communities. In addition to being the political center for the State of Montana, Helena thrives as an educational, commercial, recreational and cultural center.

Forces Influencing Property Values

The value of real estate is influenced by the interaction of four major forces: social, economic, government and environmental considerations. The four forces are discussed as follows:

Social Considerations

Social forces are exerted largely by population characteristics, including population growth, density, and age distribution. The population within the Helena city limits is nearly 29,000, up 11% from the 2000 census. The population of Lewis and Clark County is nearly 60,000. The tri-county area includes the Helena city limits and the surrounding valley, and the adjacent bedroom communities in North Jefferson County and West Broadwater County. This tri-county area has a population of approximately 75,000. Helena and its surrounding communities, like much of Montana, have seen a large influx of people from the neighboring northwest states. Overcrowding in larger cities has influenced moving to areas that offer smaller and often safer communities. Like much of Montana, Helena is viewed as a more affordable area to reside in, and also offers a very attractive physical environment. The median resident age is 38.8 years and the median household income is \$34,416 according to the 2000 census figures. The average sales price of residential real estate in 2004 was \$141,475 and as of April, 2005 the average sales price was \$167,110, which is an

18.12% increase. These figures all show that Helena is growing in its population, income levels and real estate values.

Montana has a wide variety of outdoor recreational opportunities. The Missouri River, Canyon Ferry Lake, Hauser Lake, and Holter Lake are all near Helena providing excellent recreational opportunities. Vast public lands are also available within the region providing numerous opportunities for big game hunters, outfitters, hikers, backpackers, alpine skiers, and the use of snow machines. There are a number of ski hills that range from small, locally owned and operated to Big Sky Resort near Bozeman which is one of the largest ski hills in this region.

The City of Helena has 25 city parks, three golf courses, and 17 public tennis courts. Also, a number of facilities offering cultural events are in the city limits.

Economic Considerations

Helena, like the rest of Montana and most of the United States, has been experiencing growth of its economy for the past several years. In the long run, the outlook for Helena and the vicinity is quite positive based on a number of factors.

- County seat of Lewis and Clark County, and the state capitol of Montana
- Central location
- Influx of population
- Wide range of skills in the labor force

In addition to the large state and federal government employment base, Helena has a diversified skilled labor force. As community expansion continually creates new employment, unemployment rates have averaged approximately ½% below the state of Montana rate, and almost 1% below the national average rate. As of April, 2005 the unemployment rate for the United States was 5.2% and Montana's unemployment rate was at 4.4%. With the current strong economic conditions, construction employment has increased with the surge of new development in Helena and surrounding communities. Helena is experiencing several years of residential and commercial growth. Residential growth is mostly seen north and east of the Helena city limits due to the lack of available vacant land within the city limits. Commercial construction has been prevalent throughout the city limits where land is available. Any commercial or residential development next to the existing city limits will cause extension of city services and annexation. Large discount stores, banking facilities, office buildings, numerous strip centers and multifamily developments have occurred

recently. New commercial office and retail properties require occupancy which is causing a higher vacancy rate in several established, older neighborhoods. Lower rental rates and/or renovation of some buildings are being seen to keep occupancy rates high. Property values have appreciated and sales activity has remained strong. Helena's economy and Montana's economy in general, is considered to be stable and is currently experiencing mild to moderate growth at approximately 3% per year.

Governmental Considerations

The City of Helena enjoys good quality police and fire protection with 43 full-time police officers, and 36 full-time firemen. The city government has a mayor, four city commissioners, and a city manager. Adequate schools are available at all levels of education with 11 schools being either elementary or middle schools, two private high schools or two public high schools. Secondary education is provided by Carroll College which is a private college, or the Helena College of Technology which is associated with the University of Montana.

Helena zoning ordinances and building codes are consistent with guidelines required for responsible construction quality and orderly growth in defined areas. All city services and utilities are available.

Property taxes are administered by the city, county, and school districts for which the property is located. There is no sales tax in Montana.

Environmental Considerations

Environmental and physical forces, both natural and man-made can influence property values. These forces include climatic conditions, topography and natural barriers, and transportation systems.

The climate near Helena can best be described as modified continental. Continental climate means the summers are dry and hot, and the winters are cold. However, Helena has affectionately been called the banana belt of Montana. Due to a series of surrounding mountain ranges, Helena is often spared the prolonged bitter and cold winters. The average high temperature in January is 29 degrees, the average high temperature in July is 85 degrees, and the average annual precipitation is 12.12 inches. A milder climate helps reduce operating costs for business, and furthermore it helps to extend the effective life for many buildings.

Helena is located at the juncture of Interstate 15 and US Highways 12 and 287 which allows for easy travel in all directions. Several commercial and charter airlines provide air service to the Helena area. There are commercial and charter bus services, motor carriers, and two railroads.

Parts of Montana are subject to seismic activity which has been minimal and apparently not affected property values.

Conclusion

The large government presence coupled with significant residential and commercial growth has allowed Helena to experience stable or better economic conditions in years past. Future economic conditions should remain stable or better as population and income levels rise, and tourism becomes ever more popular. Property values should steadily appreciate as they have in the past.

REAL ESTATE TAXES

The subject property is owned by the State of Montana and is currently exempt from taxation. If the parcel sells and is in private ownership it will be subject to taxation pursuant to the applicable laws and administrative rules of the State of Montana.

PROPERTY DESCRIPTION

Site

Size: The subject consists of 692.62 acres.

Shape: The subject parcel is rectangular in shape.

Topography: The parcel has rolling topography with ravines, drainages and steep hillsides. There is minimal grass land and the timber is considered to have negligible logging potential as a result of the steep terrain. The North Fork of Stickney Creek crosses through the subject along the west and south boundaries. There are other drainages which are

seasonal. The grazing lease indicates the property has a carrying capacity of 4 animal unit months (AUM'S).

Soil Conditions:

Soil conditions are unknown. No soil tests were provided to your appraiser.

Easements:

A title policy should be used for the final determination of easements and encroachments.

Access:

The subject parcel has no legal access and physical access is from adjacent private property.

Water:

The North Fork of Stickney Creek and other seasonal runoff.

Utilities:

None

Flood Plain:

The subject parcel is not located in an area that has been mapped for flood hazards but seasonal runoff has washed out most existing roads.

Nuisances or Hazards:

None of the surrounding uses appear to have an adverse impact on the subject property.

Improvements:

There are no improvements on the property.

SUBJECT PROPERTY PHOTOGRAPHS

(3/13/11)



View of the subject – North Fork of Stickney Creek.



View of the subject.

ZONING

The subject property has no underlying zoning.

HIGHEST AND BEST USE

"The reasonably probable and legal use of vacant land or an improved property that is physically possible, appropriately supported, financially feasible and that results in the highest value."¹

The definition above applies to the highest and best use of vacant land or improved property. It is to be recognized that in cases where a site has existing improvements on it, the highest and best use may very well be determined to be different from the existing use. The existing use will continue, however, unless and until land value in its highest and best use exceeds the total value of the property in its existing use.

Quite often in estimating the highest and best use of land, the appraiser is controlled by governmental regulations. These controls are generally zoning ordinance, parking requirements and building codes. Also, in the estimate of highest and best use, one must recognize the attitude of typical investors in the marketplace.

Real estate will usually fall into certain definite development patterns, and their uses can be classified as: residential, agricultural, recreational, industrial, commercial and public use. In valuing the highest and best use of the land both as if vacant and improved, the following criteria must be met: 1) legally permissible, 2) physically possible, 3) financially feasible, and 4) maximally productive.

Legally Permissible

The subject property has no underlying zoning. The subject has historically been used as recreational land for big game hunting by the lessee. Based upon the location there is no apparent need for the property to be used as commercial, industrial, or by a government entity (public use).

¹ *The Appraisal of Real Estate, 12th Edition*, (Appraisal Institute, 2001), p. 305.

Physically Possible

This area is predominately agricultural and recreational lands. The subject property has no legal access and physical access is from adjacent private land. The “Assignment Conditions” as provided by the client instruct the appraiser to appraise the property as though legal and physical access exists.

The topography of the subject parcel is steep and rugged terrain. The current use as recreational purposes is physically possible.

Financially Feasible

The predominate industry in this area is agricultural with recreational influences, i.e. hunting and fishing. The subject is surrounded by agricultural and recreational properties and the most financially feasible use is assemblage with the adjacent recreational land.

Maximally Productive

The use that conforms to the requirements of the first three tests, and would provide the maximum productivity of the subject site, is for assemblage with adjacent recreational land.

PROPERTY VALUATION

Methods and/or Techniques Employed:

Whenever possible, all three basic approaches to value (Cost Approach, Sales Comparison Approach and Income Approach) are utilized. The resulting indications of value are then correlated into a final estimate of market value. In the course of investigating the marketplace where this valuation will be made, sufficient data was found to employ the sales comparison approach.

DEFINITIONS

Sales Comparison Approach:

A set of procedures in which a value indication is derived by comparing the property being appraised to similar properties that have been sold recently, applying appropriate units of comparison and making adjustments to the sales price of the comparables based on the elements of comparison. The sales comparison approach may be used to value improved properties, vacant land, or land being considered as though vacant.²

The reliability of this technique is depended upon (A) the availability of comparable sales data, (B) the verification of sales data, (C) the degree of comparability or extent of adjustment necessary for time differences, and (D) the absence of non-typical conditions affecting the sales price.

²The Appraisal of Real Estate, 12th Edition, Page 417, 2001, sponsored by the Appraisal Institute.

SITE VALUATION

The method employed to value the site as if vacant and available for sale is the Sales Comparison Approach. An investigation of the market revealed sales and listings which are indicative of what a well-informed buyer or seller would consider in forming an opinion of value. Descriptive data of these sales/listings are contained in the addenda.

Adjustments

All of the comparable properties differ somewhat from each other, and from the subject in various ways. The usual differences are for cash equivalency, market conditions, location, and a number of physical characteristics. Many of these factors, in varying degrees, are applicable in the appraisal of the subject property. When dissimilarities are found in comparable properties, they are adjusted for by adding to the comparable price when the dissimilar factor is inferior to the same factor found in the subject property. Likewise, a minus adjustment should be made when the comparable sale has a factor which is superior to that found in the subject property. The sale properties, then, are adjusted to the subject property.

However, in the market it is often difficult and sometimes impossible to accurately isolate a given factor. In short, one very seldom finds sales/listings which are identical in all respects but one, and thus is able to prove conclusively the value, or lack of it, for any one factor due to a difference in sale price. Often, there are plus and minus factors which offset each other. Thus, the use of subjective judgment, to some degree, may be exercised.

Nevertheless, the differences in values are real and adjustments based on as much fact as can be found, will be made. Then, the appraiser may call upon his experience to make subjective judgments.

Property Rights

Each of the sales/listings involves fee simple property rights. As a result, no property rights adjustments are warranted.

Financing:

All sales are cash to the seller or on terms considered cash equivalent, and no adjustments are required.

Conditions of Sale:

Sale No. 2 reportedly involved seller motivation and this is further discussed in the sales analysis to follow. No non-market conditions motivating the buyer or seller were reportedly involved in the remaining transactions, therefore no adjustments are required.

Expenditures Immediately After Sale:

None of the sales required expenditures immediately after sale, and therefore no adjustments are required.

Market Conditions:

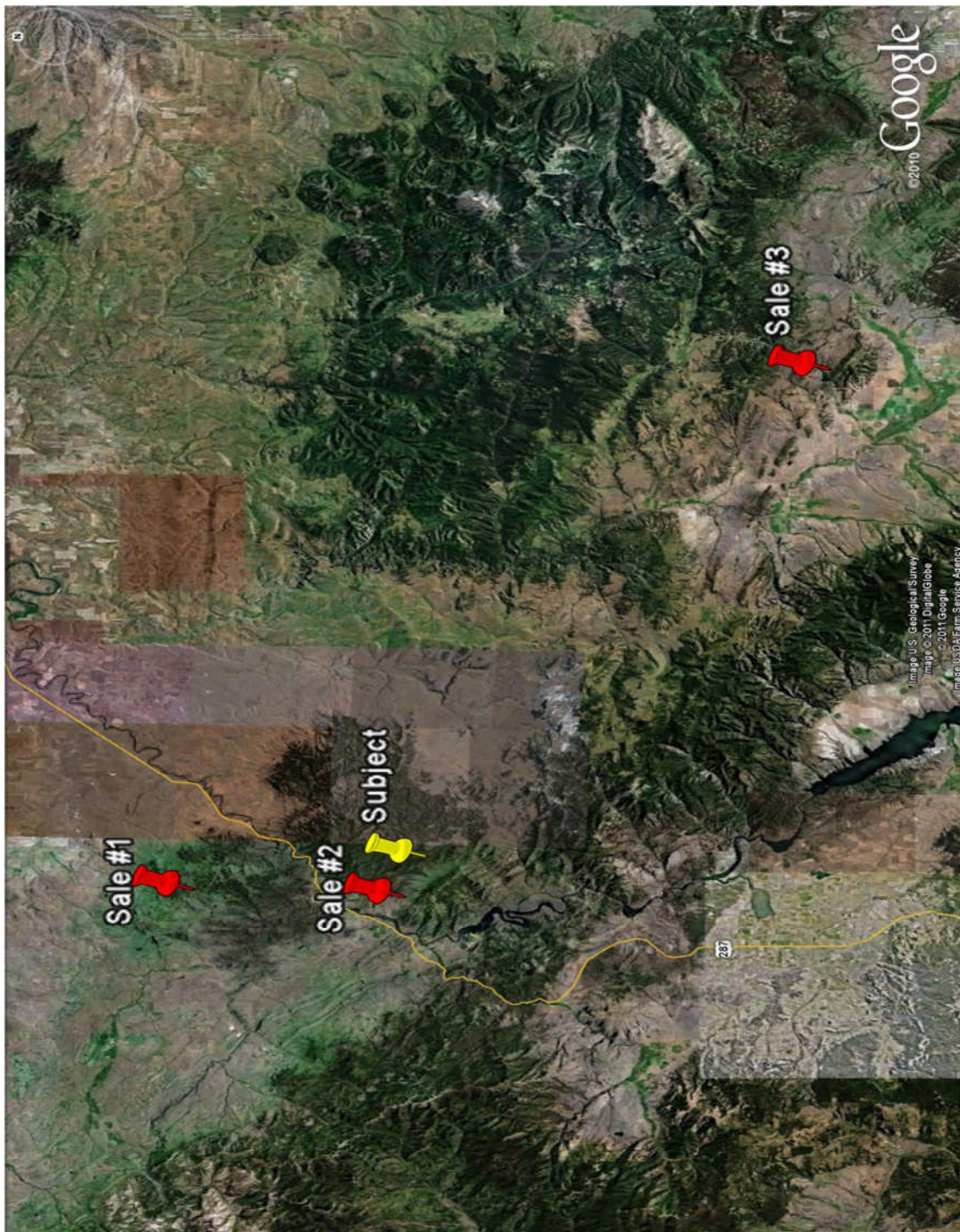
Typically in an active market an adjustment for market conditions is required to bring all comparable sales up to the effective date of the appraisal report, March 13, 2011.

I spoke with a number of real estate professionals familiar with the area and they all indicated there has been little or no appreciation in land values in recent years. In addition, they indicated no market evidence is present which suggests land values have declined even though there has been limited sales activity of large acreage tracts. Therefore, I have not applied an upward or downward adjustment to the land sales used within this analysis.

Remaining Adjustments:

The remaining adjustments will be explained in a qualitative analysis which is an effective technique that recognizes the inefficiencies of a real estate market and the difficulty in expressing the adjustments with mathematical precision. The adjustments included in the qualitative analysis are location, size, access, water, use (agricultural/recreational), and topography. The land sales/listings location map and adjustment grid can be seen on the following pages.

LAND SALE LOCATION MAP



LAND SALE ADJUSTMENT GRID

	Subject	Sale 1	Sale 2	Sale 3
Sale Price		\$304,000	\$2,500,000	\$900,000
Date of Sale	NA	6/25/09	5/22/09 & 5/25/09	4/15/08
Size (Acres)	692.62 acres	338 acres	4,867 acres	866.98 acres
Price Per Acre		\$900/AC	\$514/AC	\$1,038/AC
Location	±5 miles southeast of Craig, MT	±10 miles west of Cascade, MT	East of Craig, MT	±10 north of White Sulphur Springs, MT
Comparison		Similar	Superior	Similar
Size	692.62 acres	338 acres	4,867 acres	866.98 acres
Comparison		Superior	Inferior	Similar
Access	None	Across private property	County road	County Road
		Similar	Superior	Superior
Live Water	N. Fork Stickney Creek	None	Stickney Creek and Cox Creek	Seasonal streams and springs
Comparison		Inferior	Similar	Similar
Use (Agricultural)	Below Average	Average	Below Average	Average
Comparison		Superior	Similar	Superior
Use (Recreational)	Average	Average	Average	Average
		Similar	Similar	Similar
Topography	Rugged and steep	Rolling and sloping	Rolling and steep	Rolling and sloping
Comparison		Superior	Similar	Superior
Overall Comparability		Superior	Inferior	Superior

Sales Analysis:

The subject parcel is 692.62 acres and is located approximately 5 miles southeast of Craig, Montana. The subject is accessed from adjacent private property and the topography is predominately steep with timber. The property has minimal grazing ability due to the overall topography. The timber is not considered merchantable as a result of topography and limited road access. As previously noted the parcel has no legal access and physical access is from the adjacent private property. As noted in the "Scope of Work" the appraiser assumes the property has legal access and I have attempted to identify sales/listings without legal access.

Sale No. 1 occurred 6/25/09 for 338 acres at \$304,000 or \$900/acre. This sale is located approximately 10 miles west of Cascade, MT. The buyer owns adjacent land and assembled this

property with the existing property for grazing cattle. This sale is considered superior to the subject with respect to size, agricultural use and topography, similar with respect to location, access, and recreational use, but inferior with respect to water. Overall, this sale is superior to the subject as a result of agricultural grazing.

Sale No. 2 occurred 5/22/09 and 5/29/09 for 4,867 acres at \$2,500,000 or \$514/acre. This sale is located east of Craig, MT. The buyer indicated the seller was highly motivated as a result of the economic conditions of his out of state contracting business. I spoke with a realtor familiar with the transaction and he indicated a fair value for the property was approximately \$700/acre. This property was listed at \$873/acre and was on the market for approximately three years. This sale is superior to the subject with respect location, access and water, similar with respect to agricultural use, recreational use and topography, but inferior with respect to size. Overall, this sale is considered inferior to the subject as a result of seller motivation and size.

Sale No. 3 occurred on October April 15, 2008 for 866.98 acres at \$900,000 or \$1,038 per acre. This property is located approximately ten miles north of White Sulphur Springs. This land is desirable recreational ranch property with excellent scenic and wildlife amenities. In addition, this property overlooks the Newlan Reservoir. This sale is considered superior to the subject with respect to access, agricultural use and topography, but similar with respect to location, size recreational use, and water. Overall, this sale is considered superior to the subject.

The following table in an array of the overall comparability of the aforementioned sales:

Sale No.	Price Per Acre	Overall Comparability
Sale No. 2	\$514/AC	Inferior
Sale No. 1	\$900/AC	Superior
Sale No. 3	\$1,038/AC	Superior

Considering each of the aforementioned sales and listing, it is my opinion a reasonable estimate of value for the subject parcel as of March 13, 2011 is **\$700 per acre or \$484,834.**

\$485,000 Rounded*

* This value is subject to the Hypothetical Conditions on page 7

VALUE ESTIMATE AND CERTIFICATION

The undersigned does hereby certify that, to the best of his knowledge and belief, except as otherwise noted in this appraisal report:

- The statements of fact contained in this report are true and correct.
- The reported analysis, opinions, and conclusions are limited only by the reported assumptions and limiting conditions and/or those found in the letter of engagement or appraisal consultation contract authorizing this report and is my personal, impartial, and unbiased professional analysis, opinions, and conclusions.
- I have no present or prospective interest in the property that is the subject of this report, and I have no personal interest or bias with respect to the parties involved.
- I have no bias with respect to the property that is the subject of this report or to the parties involved with this assignment.
- My engagement in this assignment was not contingent upon developing or reporting a predetermined value.
- My compensation for completing this assignment is not contingent upon the development or reporting of a predetermined value or direction in value that favors the cause of the client, the amount of the value opinion, the attainment of a stipulated result, or the occurrence of a subsequent event directly related to the intended use of this appraisal. This appraisal assignment was not based on a requested minimum valuation, a specific valuation or the approval of a loan.
- My analysis, opinions and conclusions were developed, and this report has been prepared, in conformity with The Uniform Standards of Professional Appraisal Practice and with the requirements of the Code of Professional Ethics and the Standards of Professional Practice of the Appraisal Institute.
- I have made a personal inspection of the property that is the subject of this report.
- Gregory A. Thornquist is currently licensed in the State of Montana (Certificate #867) as a Certified General Real Estate Appraiser. Regarding the Competency Provision of USPAP, I further attest I've had substantial approved education and experience in the appraisal of vacant land and commercial property.

Based upon all the elements of which I am aware of and which could reasonably affect value, I have estimated market value of the subject parcel, as of March 13, 2011, to be:

Four Hundred Eight Five Thousand Dollars*
\$485,000*

X

Gregory A. Thomquist

Montana State Certified
General Real Estate Appraiser #867

* This value is subject to the Hypothetical Conditions on page 7